

our young people that we have in this country today.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. HULSHOF] is recognized for 5 minutes.

[Mr. HULSHOF addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

#### TAX REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Dakota [Mr. THUNE] is recognized for 5 minutes.

Mr. THUNE. Mr. Speaker, many of my colleagues have gone before me and addressed an issue which I think is of great importance to the future of our country. In fact if you look back in 1948, the average tax burden in America on the average family was about 2 percent of their income. Today the Federal tax burden is 24 percent and when we factor in State and local taxes, it gets upward of 40 percent. And if you figure the overall cost of government to the American family today, it is over 50 percent of their income.

If you look at some of the statistics that were released by the Kemp Commission last year, the fact is that we spend in this country over 5 billion man-hours a year filling out tax returns. You think about the number of people who do nothing. Three million full-time equivalent people who do nothing but fill out tax returns. I think it is ironic because that is more people than we have in our entire Armed Forces in America. That tells me one thing; that we spend more time, money, and energy in resources defending ourselves from our own tax system than we do from foreign enemies. So we have a tax system in this country that is desperately in need of overhaul, of simplification, of common sense for American families and businesses.

I would also point out that there are 471 different tax forms. I think the complexity of our Tax Code today was illustrated recently when the Internal Revenue Service expended \$4 billion to come up with a computer system to process it which they discovered could not work. And so we need to simplify the Tax Code in this country in a way that makes sense for American families and American businesses and lowers the overall tax burden for our families.

One of the things that I think you will find in this town in particular is a lot of institutional resistance to that. It is ironic as well, as I was reading some time back in the Wall Street Journal, an op-ed piece which suggested that in 1964 there were some 16,000 lobbyists in Washington and today there are over 64,000 lobbyists, which is 125 for every Member of Congress. There is nothing wrong with lobbying and many of us rely on the information that they provide to us, but I

think it points to the fact that government has become so inordinately complex that it takes people to interpret the laws and try and tell us and try and tell the American people what they mean. In fact lobbying, according to the article, today is an \$8 billion industry which is larger than 57 economies in the world.

The other point I would make in terms of the complexity of the Tax Code, I was also reading last year in the Wall Street Journal a story about the number of people in tax writing committees of the Congress who actually fill out their own tax returns and of the 57, I think the article stated that there were 6 who confirmed that they in fact did that. I suspect that is probably because again of the complexity of the Tax Code.

And so as we look at this priority in this next session of our Congress and as we embark upon many of the things that we have laid out in terms of things that we want to accomplish and the goals, there are a number of us, many of my colleagues in the freshman class who are here today to speak to this issue, who in the course of their campaigns talked about what we can do to come up with a Tax Code that is simple, that is fair, that lowers the overall tax burden on American businesses and families.

I too would issue the call today upon my colleagues in the Congress to make this a priority, so that in this session of Congress we do something that we have lacked the courage, the will before to do, and that is to address this behemoth Tax Code which clearly has gotten out of control.

And I think that the people of this country, the men and women who fill out tax returns every day, those who are in business, those who are creating jobs and creating wealth, it was just alluded to earlier by my colleague from Pennsylvania, the enormous cost of capital in this country and how that compares with other industrialized nations in the world. And we do tax capital at a high rate and we tax labor at a high rate.

I was reading recently as well that if you look at the number of people who file tax returns in America, 72 percent spend more on payroll tax than they do on income tax. And so we need to do something to allow the economic engine in America to continue to move our country forward, to create new jobs and make our economy all that it can be. I do not believe that we will see that happen if we continue to be bogged down and mired in this complex web that we know today as our U.S. Tax Code.

And so along with my colleagues who have spoken before me and those who will follow, I today as well would ask that we make this a priority for the 105th Congress, that we be the Congress that is known and that our legacy be that we simplified and made sense of the American Tax Code.

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#### IT IS TIME TO REPEAL THE ESTATE TAX

The SPEAKER pro tempore (Mr. LAHOOD). Under a previous order of the House, the gentleman from Utah [Mr. CANNON] is recognized for 5 minutes.

Mr. CANNON. Mr. Speaker, I would like to address an issue today that is very important to me and, in particular, to America's small family farms and businesses, the repeal of the estate tax or, as many like to refer to it, the death tax.

Yesterday I met with Mr. and Mrs. Mouskondis, the owners of Nicholas & Co., a family-owned and operated food distributing company in my home State of Utah. About 40 years ago, Mr. Mouskondis' father passed on his business to his son Bill. While a small company at the time, Nicholas & Co. today is steadily expanding and diversifying, and Bill now works with more than 250 employees and is constantly working to improve his company by using new technology and streamlining his service.

Yet in order to prepare to pay the estate tax, Bill is facing steep costs and may have to sell off assets or, worse yet, release employees. This is something Bill has not done since he became the owner of the company.

When the owner of a family business or farm dies, the value of the enterprise is added to the owner's estate and is taxed after exemptions. While the owner of this business has spent his entire life working hard to contribute to society, provide for his family and to establish his own American dream, in the end his family must endure the loss of him and cover the cost of his commendable life's efforts.

Not only is the tax a burden, the rates currently run between 37 and 55 percent, but the costs involved in dealing with this tax are exorbitant as well. The average family business spends \$20,000 in legal fees, \$11,900 for accounting fees, and \$11,200 for other advisers just to pay the taxes.

But dollars do not tell the real story. Family businesses are exactly that, businesses for families. But the Small Business Administration reports that a full 33 percent of grieving relatives must sell all or part of the family business to pay the estate tax.

Is it any wonder why only 30 percent of family businesses are passed on to the second generation?

This is simply wrong, wrong because America was founded and its government established to protect the life, liberty, and pursuit of happiness of each American citizen. We here in Washington are not fulfilling our duties when we penalize Americans for working hard.

It is time to repeal the estate tax. I encourage each of you to support H.R. 902, the Cox-Kyl Family Heritage Preservation Act.